GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1181
ANSWERED ON:10.03.2005
OIL REFINERIES AT MATHURA AND PANIPAT
Preneet Kaur Smt.

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the installed oil refining capacity is more than the actual refining capacity in the various public sector oil refineries;

(b) if so, the quantity of crude oil refined in each Refinery during the last three years, year-wise;

(c) the terms and conditions on which the oil refineries at Mathura and Panipat were set up;

(d) what specific financial and tax incentives were given for establishment of oil refineries at Mathura and Panipat;

(e) whether the terms and conditions and incentives granted for oil refineries at Mathura and Panipat are comparable with those granted to the proposed oil refinery at Bathinda in Punjab; and

(f) if not, the reasons therefor?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b): The details of installed refining capacities and actual crude oil processed by Oil PSUs during the last three years are given in annex.

(c): Mathura and Panipat refineries were set up under the Administrative Pricing Mechanism (APM) regime, where the profitability of the refinery was ensured by providing assured return of 15% (gross) on the total capital employed which was changed to post tax return of 12% on the net worth on the recommendation of Oil Price Review Committee.

(d) No specific financial and tax incentives were given for establishment of the above refineries since they were based on retention price concept.

(e) Does not arise in view of (d) above.

(f) With effect from 1.4.1998, the refining sector has been deregulated. No assured return is available to the refineries, which are now subject to market economics.